

AGENDA ITEM SUMMARY

Staff Contact Person: Maria L. Slavik

AGENDA ITEM WORDING: Approval to accept proposal from The Florida Municipal Insurance Trust Agreement #386 at an premium of \$322,209.00 to be paid in quarter installments of \$80,552.

ITEM BACKGROUND: See Attached Memo

PREVIOUS REVELANT BOCC ACTION: Awarded bid to Florida League of Cities, Inc. for 2004-2005 at an annual premium of \$255,510.

CONTRACT/AGREEMENT CHANGES: : The total increase is \$28,451. This represents a 9.69% increase over the 2005/2006 premium.

STAFF RECOMMENDATIONS: Approval.

TOTAL COST: \$322,209 **BUDGETED:** Yes X No

COST TO COUNTY: \$322,209

REVENUE PRODUCING: Yes ___ No X AMOUNT PER MONTH___ Year ___

APPROVED BY: County Atty X OMB/Purchasing X Risk Management X

DOCUMENTATION: Included X To Follow _____ Not Required _____

DISPOSITION: _____ **AGENDA ITEM #** _____



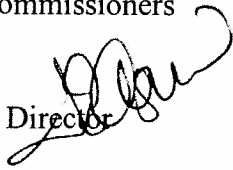
Office of the Employee Services Division Director
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BOARD OF COUNTY COMMISSIONERS

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Mayor Pro Tem Dixie M. Spehar, District 1
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TO: Board of County Commissioners

FROM: Teresa E. Aguiar,
Employee Services Director 

DATE: October 3, 2006

SUBJ: Renewal of Excess General and Vehicle Liability Insurance

This item requests approval to accept renewal with insurance carrier - Florida Municipal Insurance Trust to provide Excess General Liability coverage and Vehicle Liability coverage at a premium of \$322,209.00 yr to be paid in four quarterly payments.

| | |
|---------------------------|-------------------|
| Excess General Liability: | \$199,465 premium |
| Vehicle Liability: | \$122,744 premium |

The premium has increased 9.69%.

The policy renewal period is October 1, 2006 through September 30, 2007. Due to the Agent (Florida League of Cities) being in the process of implementing a new computer system, the renewal notification and exact premiums were not available to the County until September 26th. The League has agreed to continue the coverages until formal approval from the BOCC can be obtained. It is staff's recommendation to renew both coverages as proposed for the renewal period October 1, 2006 to September 30, 2007.

INTERISK CORPORATION

Consultants

Risk Management
Employee Benefits

1111 North Westshore Boulevard
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Tampa, FL 33607-4711
Phone (813) 287-1040
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October 2, 2006

Ms. Maria Slavik
Risk Management Specialist
Monroe County
502 Whitehead St.
Key West, Florida 33040

Subject: Renewal of Excess General and Vehicle Liability Insurance:

Dear Maria:

The County's Excess General and Vehicle Liability insurance expired on September 30, 2006 and the Florida League's proposal for the 2006/07 policy was not received by the County until September 26, 2006. Over the past several months, the League has been implementing a new computer system that delayed the mailings of the renewal notifications to all of its members. While the exact premiums were not available until September 26th, the League had assured the County that minimal increases in the rates used for the General and Vehicle Liability insurance could be expected.

Following displays a side-by-side comparison of the premiums paid for the 2005/06 policy year and the ones that will apply for the 2006/07 policy year. In addition, the payrolls and the number of vehicles for each year are also displayed. One of the primary factors used by the League in developing its General Liability premium is payroll and one of the primary factors used to develop its Vehicle Liability premium is the number of vehicles.

| Policy Year | General Liability | Vehicle Liability | Total |
|---------------|-------------------|-------------------|-----------|
| 2005/06 | \$188,185 | \$105,573 | \$293,758 |
| 2006/07 | 199,465 | 122,744 | 322,209 |
| Increase | \$11,280 | \$17,171 | \$28,451 |
| % of Increase | 5.99% | 16.26% | 9.69% |

| Policy Year | Estimated Payroll | Number of Vehicles |
|--------------------------|-------------------|--------------------|
| 2005/06 | \$40,002,556 | 339 |
| 2006/07 | 39,067,893 | 402 |
| Increase/(Decrease) | \$(934,663) | 63 |
| % of Increase/(Decrease) | (2.34%) | 18.58% |

With the payrolls being reporting to the League for the two policy years (2005/06 and 2006/07) remaining relatively stable, an increase in the General Liability premiums of less than six percent (6%) is viewed as being extremely favorable. It should be noted however, that the County recently received competitive bids on its Excess Workers' Compensation insurance and the projected payrolls for the 2006/07 policy year used during that process were in excess of \$78 million. It is unknown why the projected payrolls used in the Workers' Compensation remarketing process was so much higher than the ones reported to the League for the Liability renewal, however, if the payrolls used in the Workers' Compensation process are more accurate, the County can anticipate a significant additional audit premium when the actual payrolls are reported to the League sometime in the later part of 2007. It would not be surprising if the additional audit premium will be equal to or greater than the premium currently being charged (\$199,465).

While the Vehicle Liability premium increased over sixteen percent (16%), the County increased the size of its vehicle fleet by over eighteen percent (18%). This means that more than the entire increase of premium is attributable to the increase of the County's fleet. It is therefore believed that the renewal premium for the County's Vehicle Liability insurance is also extremely attractive.

The delay in receiving the Florida League's renewal premium did not allow Risk Management to obtain the Board's approval prior to the 2005/06 policy expiring. The League has agreed to continue the coverages until formal approval from the Board can be obtained at it's regularly schedule October meeting.

As always, please do not hesitate to call if you have any questions.

Cordially,

INTERISK CORPORATION



Sidney G. Webber
CPCU, ARM

Cc: Teresa Aguiar